

LEGISLATURE OF NEBRASKA
 ONE HUNDREDTH LEGISLATURE
 FIRST SESSION
LEGISLATIVE BILL 638

FINAL READING

Introduced by General Affairs Committee: McDonald, 41, Chairperson;
 Dierks, 40; Dubas, 34; Erdman, 47; Janssen, 15;
 Preister, 5

Read first time January 17, 2007

Committee: General Affairs

A BILL

1 FOR AN ACT relating to gambling; to amend sections 9-239, 9-266,
 2 9-356, 9-424, 9-833, and 9-835, Reissue Revised Statutes
 3 of Nebraska, and sections 9-1,101, 9-232.01, 9-232.02,
 4 9-233, 9-241.03, 9-255.06, 9-328, 9-329, 9-329.02, 9-425,
 5 9-803, 9-812, and 77-366, Revised Statutes Cumulative
 6 Supplement, 2006; to change and eliminate provisions
 7 relating to bingo, lotteries, raffles, and the State
 8 Lottery Act; to provide for enforcement relating to
 9 possession of gambling devices; to harmonize provisions;
 10 to repeal the original sections; and to outright repeal
 11 sections 9-236 and 9-322.03, Reissue Revised Statutes of
 12 Nebraska.

LB 638

LB 638

1 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-1,101, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 9-1,101 (1) The Nebraska Bingo Act, the Nebraska County
4 and City Lottery Act, the Nebraska Lottery and Raffle Act, the
5 Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery
6 and Raffle Act, and section 9-701 shall be administered and
7 enforced by the Charitable Gaming Division of the Department
8 of Revenue, which division is hereby created. The Department of
9 Revenue shall make annual reports to the Governor, Legislature,
10 Auditor of Public Accounts, and Attorney General on all tax revenue
11 received, expenses incurred, and other activities relating to the
12 administration and enforcement of such acts.

13 (2) The Charitable Gaming Operations Fund is hereby
14 created. Any money in the fund available for investment shall be
15 invested by the state investment officer pursuant to the Nebraska
16 Capital Expansion Act and the Nebraska State Funds Investment Act.

17 (3) (a) Forty percent of the taxes collected pursuant to
18 sections 9-239, 9-344, 9-429, and 9-648 shall be available to the
19 Charitable Gaming Division for administering and enforcing the acts
20 listed in subsection (1) of this section and section 81-8,128. The
21 remaining sixty percent shall be transferred to the General Fund.
22 Any portion of the forty percent not used by the division in the
23 administration and enforcement of such acts and section shall be
24 distributed as provided in this subsection.

25 (b) On or before November 1 each year, the State

1 Treasurer shall transfer fifty thousand dollars from the Charitable
2 Gaming Operations Fund to the Compulsive Gamblers Assistance Fund,
3 except that no transfer shall occur if the Charitable Gaming
4 Operations Fund contains less than fifty thousand dollars.

5 (c) Any money remaining in the Charitable Gaming
6 Operations Fund after the transfer pursuant to subdivision (b)
7 of this subsection not used by the Charitable Gaming Division in
8 its administration and enforcement duties pursuant to this section
9 may be transferred to the General Fund at the direction of the
10 Legislature.

11 (4) The Tax Commissioner shall employ investigators who
12 shall be vested with the authority and power of a law enforcement
13 officer to carry out the laws of this state administered by the Tax
14 Commissioner or the Department of Revenue and to enforce sections
15 28-1101 to 28-1117 relating to possession of a gambling device. For
16 purposes of enforcing sections 28-1101 to 28-1117, the authority
17 of the investigators shall be limited to investigating possession
18 of a gambling device, notifying local law enforcement authorities,
19 and reporting suspected violations to the county attorney for
20 prosecution.

21 (5) The Charitable Gaming Division may charge a fee for
22 publications and listings it produces. The fee shall not exceed the
23 cost of publication and distribution of such items. The division
24 may also charge a fee for making a copy of any record in its
25 possession equal to the actual cost per page. The division shall

1 remit the fees to the State Treasurer for credit to the Charitable
2 Gaming Operations Fund.

3 ~~(6) The State Treasurer shall transfer two hundred~~
4 ~~ninety-two thousand dollars from the Charitable Gaming Operations~~
5 ~~Fund to the General Fund on or before November 1, 2002.~~

6 Sec. 2. Section 9-232.01, Revised Statutes Cumulative
7 Supplement, 2006, is amended to read:

8 9-232.01 (1) Each organization applying for a license to
9 conduct bingo shall file with the department an application on a
10 form prescribed by the department. Each application shall include:

11 (a) The name and address of the applicant organization;

12 (b) Sufficient facts relating to the incorporation or
13 organization of the applicant organization to enable the department
14 to determine if the organization is eligible for a license pursuant
15 to section 9-231;

16 (c) The name and address of each officer of the applicant
17 organization;

18 (d) The name, address, social security number, years of
19 membership, and date of birth of one bona fide and active member
20 of the organization who will serve as the organization's bingo
21 chairperson; and

22 (e) The name, address, social security number, years of
23 membership, and date of birth of no more than three bona fide
24 and active members of the organization who will serve as alternate
25 bingo chairpersons.

1 (2) In addition, each applicant organization shall
2 include with the application:

3 (a) The name, address, social security number, date
4 of birth, and years of membership of an active and bona fide
5 member of the applicant organization to be licensed as the
6 utilization-of-funds member. Such person shall have been an active
7 and bona fide member of the applicant organization for at least
8 one year preceding the date the application is filed with the
9 department unless the applicant organization can provide evidence
10 that the one-year requirement would impose an undue hardship on the
11 organization. All utilization-of-funds members shall sign a sworn
12 statement indicating that they agree to comply with all provisions
13 of the Nebraska Bingo Act and all rules and regulations adopted
14 pursuant to the act, that they will insure that no commission, fee,
15 rent, salary, profits, compensation, or recompense will be paid
16 to any person or organization, except payments authorized by the
17 act, and that all profits will be spent only for lawful purposes.
18 A fee of ~~twenty~~ forty dollars shall be charged for a license for
19 each utilization-of-funds member, and the department may prescribe
20 a separate application form for such license;

21 (b) For a Class II license only, the name, address,
22 social security number, and date of birth of the individual to be
23 licensed as the gaming manager. Such person shall ~~be required to~~
24 sign a sworn statement indicating that he or she agrees to comply
25 with all provisions of the Nebraska Bingo Act, the Nebraska Lottery

1 and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska
2 Small Lottery and Raffle Act, and all rules and regulations adopted
3 pursuant to such acts. A fee of ~~fifty~~ one hundred dollars shall be
4 charged for a license for each gaming manager, and the department
5 may prescribe a separate application form for such license;

6 (c) The name and address of the owner or lessor of the
7 premises in which bingo will be conducted; and

8 (d) Any other information which the department deems
9 necessary, including, but not limited to, copies of any and all
10 lease or rental agreements and contracts entered into by the
11 organization relative to its bingo activities.

12 (3) The information required by this section shall be
13 kept current. A licensed organization shall notify the department
14 within thirty days if any information in the application is no
15 longer correct and shall supply the correct information.

16 (4) Except for a limited period bingo, a licensed
17 organization shall not conduct any bingo game or occasion at
18 any time, on any day, at any location, or in any manner different
19 from that described in its most recent filing with the department
20 unless prior approval has been obtained from the department. A
21 request for approval to change the day, time, or location of a
22 bingo occasion shall be made by the bingo chairperson, in writing,
23 at least thirty days in advance of the date the proposed change is
24 to become effective.

25 (5) No bingo chairperson, alternate bingo chairperson,

1 utilization-of-funds member, or gaming manager for an organization
2 shall be connected with, interested in, or otherwise concerned
3 directly or indirectly with any party licensed as a manufacturer,
4 distributor, or commercial lessor pursuant to the Nebraska Bingo
5 Act or with any party licensed as a manufacturer or distributor
6 pursuant to the Nebraska Pickle Card Lottery Act.

7 (6) No person shall act as a gaming manager until he or
8 she has received a license from the department. A gaming manager
9 may apply for a license to act as a gaming manager for more than
10 one licensed organization by completing a separate application and
11 paying the ~~fifty-dollar~~ license fee for each organization for which
12 he or she intends to act as a gaming manager. No gaming manager
13 shall be a bingo chairperson or alternate bingo chairperson, and no
14 gaming manager shall hold any other type of license issued under
15 the Nebraska Bingo Act, the Nebraska Lottery and Raffle Act, and or
16 the Nebraska Pickle Card Lottery Act.

17 (7) No person shall act as a utilization-of-funds member
18 until he or she has received a license from the department.
19 A utilization-of-funds member shall not hold any other type of
20 license issued under the Nebraska Bingo Act, the Nebraska Lottery
21 and Raffle Act, and the Nebraska Pickle Card Lottery Act, except
22 that a utilization-of-funds member may also be designated as the
23 bingo chairperson or alternate bingo chairperson for the same
24 organization.

25 Sec. 3. Section 9-232.02, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2 9-232.02 (1) ~~Except as otherwise provided in this~~
3 ~~section, all~~ All licenses to conduct bingo and licenses issued
4 to utilization-of-funds members, gaming managers, or commercial
5 lessors shall expire ~~on September 30 of each year or such other~~
6 ~~date as the department may prescribe by rule and regulation and~~
7 ~~may be renewed annually. as provided in this section and may be~~
8 renewed biennially. An application for license renewal shall be
9 submitted at least forty-five days prior to the expiration date of
10 the license. The department may prescribe a separate application
11 form for renewal purposes for any license application required
12 by the Nebraska Bingo Act. The renewal application may require
13 such information as the department deems necessary for the proper
14 administration of the act.

15 (2) ~~Commencing October 1, 2001, a~~ A license to conduct
16 bingo issued to a nonprofit organization holding a certificate of
17 exemption under section 501(c)(3) or (c)(4) of the Internal Revenue
18 Code and any license issued to a utilization-of-funds member or
19 gaming manager for such nonprofit organization shall ~~be a biennial~~
20 ~~license, shall expire on September 30 of each odd-numbered year~~
21 ~~or on such other date as the department may prescribe by rule and~~
22 ~~regulation, and may be renewed biennially.~~ The biennial license
23 fee for a utilization-of-funds member shall be forty dollars and
24 the biennial license fee for a gaming manager shall be one hundred
25 dollars.

1 (3) ~~Commencing October 1, 2002,~~ a A license to conduct
2 bingo issued to a nonprofit organization holding a certificate
3 of exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19)
4 of the Internal Revenue Code or any volunteer fire company or
5 volunteer first-aid, rescue, ambulance, or emergency squad and
6 any license issued to a utilization-of-funds member or gaming
7 manager for such nonprofit organization or volunteer fire company
8 or volunteer first-aid, rescue, ambulance, or emergency squad shall
9 be a ~~biennial license,~~ shall expire on September 30 of each
10 even-numbered year or on such other date as the department may
11 prescribe by rule and regulation. ~~and may be renewed biennially.~~
12 The biennial license fee for a utilization-of-funds member shall
13 be forty dollars and the biennial license fee for a gaming manager
14 shall be one hundred dollars.

15 (4) ~~Commencing October 1, 2001,~~ A license issued to a
16 commercial lessor license shall be a biennial license, shall expire
17 on September 30 of each odd-numbered year or on such other date as
18 the department may prescribe by rule and regulation. ~~and may be~~
19 ~~renewed biennially.~~

20 Sec. 4. Section 9-233, Revised Statutes Cumulative
21 Supplement, 2006, is amended to read:

22 9-233 (1) The department may issue an applicant
23 organization one of the following classes of bingo licenses:

24 (a) A Class I license which shall include organizations
25 with gross receipts from the conduct of bingo which are less than

1 one hundred thousand dollars per twelve-month period commencing
2 October 1 of each year or such other date as the department may
3 prescribe by rule and regulation; or

4 (b) A Class II license which shall include organizations
5 with gross receipts from the conduct of bingo equal to or
6 greater than one hundred thousand dollars per twelve-month period
7 commencing October 1 of each year or such other date as the
8 department may prescribe by rule and regulation.

9 (2) For purposes of this section, when bingo occasions
10 are conducted on a joint basis by two or more licensed
11 organizations, the class of license required shall be determined
12 based upon the combined gross receipts of all licensed
13 organizations involved in the conduct of the bingo occasion.

14 ~~(3)(a) Except as otherwise provided in this subsection,~~
15 ~~a fee of fifteen~~ (3) A biennial fee of thirty dollars shall be
16 charged for a Class I license, and a biennial fee of fifty one
17 hundred dollars shall be charged for a Class II license.

18 ~~(b) Commencing October 1, 2001, a biennial license fee of~~
19 ~~thirty dollars shall be charged for a Class I license issued to~~
20 ~~a nonprofit organization holding a certificate of exemption under~~
21 ~~section 501(c)(3) or (c)(4) of the Internal Revenue Code,~~ and a
22 ~~biennial license fee of one hundred dollars shall be charged for~~
23 ~~a Class II license issued to a nonprofit organization holding a~~
24 ~~certificate of exemption under section 501(c)(3) or (c)(4) of the~~
25 ~~Internal Revenue Code.~~

1 ~~(c) Commencing October 1, 2002, a biennial license fee of~~
 2 ~~thirty dollars shall be charged for a Class I license issued to~~
 3 ~~a nonprofit organization holding a certificate of exemption under~~
 4 ~~section 501(c)(5), (c)(8), (c)(10), or (c)(19) of the Internal~~
 5 ~~Revenue Code or any volunteer fire company or volunteer first-aid,~~
 6 ~~rescue, ambulance, or emergency squad, and a biennial license~~
 7 ~~fee of one hundred dollars shall be charged for a Class II~~
 8 ~~license issued to a nonprofit organization holding a certificate~~
 9 ~~of exemption under section 501(c)(5), (c)(8), (c)(10), or (c)(19)~~
 10 ~~of the Internal Revenue Code or any volunteer fire company or~~
 11 ~~volunteer first-aid, rescue, ambulance, or emergency squad.~~

12 (4) The department shall adopt and promulgate rules and
 13 regulations to establish reporting requirements for each class of
 14 license issued.

15 Sec. 5. Section 9-239, Reissue Revised Statutes of
 16 Nebraska, is amended to read:

17 9-239 (1) The department shall collect a state tax of
 18 three percent on the gross receipts received from the conducting
 19 of bingo within the state. The tax shall be remitted to the
 20 department. The department shall remit the tax to the State
 21 Treasurer for credit to the Charitable Gaming Operations Fund. The
 22 tax shall be remitted quarterly, not later than thirty days after
 23 the close of the preceding quarter, together with any other reports
 24 as may be required by the department.

25 ~~(2) Until January 1, 1999, any city or village is hereby~~

1 directed to impose a tax of one percent on the gross receipts
2 received from the conducting of bingo within such city or village.
3 Until January 1, 1999, where bingo is conducted on an excursion
4 or dinner train or outside the limits of any incorporated city
5 or village, the county in which such bingo is conducted shall
6 impose a tax of one percent on the gross receipts from the
7 conducting of bingo on an excursion or dinner train or outside
8 the corporate limits of such city or village. Such tax shall be
9 credited to the general fund of the county, city, or village which
10 issued a permit for the conducting of bingo pursuant to section
11 9-236. Such tax shall be remitted to the clerk of the political
12 subdivision imposing the tax, and the clerk shall remit the tax
13 to the treasurer of such subdivision. The tax shall be remitted
14 quarterly, not later than thirty days after the close of the
15 preceding quarter, together with such reports as may be required
16 by the political subdivision imposing the tax. The proceeds from
17 the tax shall be used to pay for the costs of regulation and
18 enforcement of the Nebraska Bingo Act.

19 ~~(3)~~ (2) Unless otherwise provided in the act, Nebraska
20 Bingo Act, no occupation tax on any receipts derived from the
21 conduct of bingo shall be levied, assessed, or collected from any
22 licensee under the act by any county, township, district, city,
23 village, or other governmental subdivision or body having power to
24 levy, assess, or collect such tax.

25 Sec. 6. Section 9-241.03, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2 9-241.03 (1) Irrespective of the number of organizations
3 authorized to hold bingo occasions within a premises:

4 (a) No more than two bingo occasions per calendar week
5 shall be held within a premises except as otherwise provided in
6 subsection (3) of this section; and

7 (b) No more than four limited period bingos with an
8 aggregate of no more than twelve days per twelve-month period
9 commencing October 1 of each year or such other date as the
10 department may prescribe by rule and regulation and no more than
11 two special event bingos with an aggregate of no more than fourteen
12 days per calendar year shall be held within a premises.

13 (2) Bingo occasions held as part of a limited period
14 bingo or special event bingo, or a bingo occasion that was canceled
15 due to an act of God and rescheduled pursuant to section 9-241.02,
16 shall not be counted in determining whether the use of a premises
17 is in compliance with subdivision (1)(a) of this section.

18 (3) Notwithstanding the restriction contained in
19 subdivision (1)(a) of this section, the department may authorize
20 more than two bingo occasions per calendar week to be held
21 within a premises if a licensed organization or commercial lessor
22 can demonstrate in writing to the department that utilizing
23 the premises for the conduct of bingo more than two times per
24 calendar week will result in a cost savings for each of the
25 licensed organizations who would be utilizing the premises. If the

1 department authorizes a premises to be used more than two times
2 per calendar week, the department shall not permit more than one
3 bingo occasion per calendar day to be held in a premises except
4 when one of the occasions is a limited period bingo or a special
5 event bingo.

6 Sec. 7. Section 9-255.06, Revised Statutes Cumulative
7 Supplement, 2006, is amended to read:

8 9-255.06 (1) An individual, partnership, limited
9 liability company, corporation, or organization which will be
10 leasing a premises to one or more organizations for the conduct of
11 bingo and which will receive more than two hundred fifty dollars
12 per month as aggregate total rent from leasing such premises for
13 the conduct of bingo shall first obtain a commercial lessor's
14 license from the department. The license shall be applied for on a
15 form prescribed by the department and shall contain:

16 (a) The name and home address of the applicant;

17 (b) If the applicant is an individual, the applicant's
18 social security number;

19 (c) If the applicant is not a resident of this state or
20 is not a corporation, the full name, business address, and home
21 address of a natural person, at least nineteen years of age, who is
22 a resident of and living in this state designated by the applicant
23 as a resident agent for the purpose of receipt and acceptance
24 of service of process and other communications on behalf of the
25 applicant;

1 (d) A designated mailing address and legal description of
2 the premises intended to be covered by the license sought;

3 (e) The lawful capacity of the premises for public
4 assembly purposes;

5 (f) The amount of rent to be paid or other consideration
6 to be given directly or indirectly for each bingo occasion to be
7 conducted; and

8 (g) Any other information which the department deems
9 necessary.

10 ~~(2)(a) Except as otherwise provided in this subsection,~~
11 ~~an~~ (2) An application for a commercial lessor's license shall be
12 accompanied by a biennial fee of ~~one~~ two hundred dollars for each
13 premises the applicant is seeking to lease pursuant to subsection
14 (1) of this section. A commercial lessor who desires to lease more
15 than one premises for the conduct of bingo shall file a separate
16 application and pay a separate fee for each such premises.

17 ~~(b) Commencing October 1, 2001, the biennial license fee~~
18 ~~for a commercial lessor shall be two hundred dollars for each~~
19 ~~premises the applicant is seeking to lease pursuant to subsection~~
20 ~~(1) of this section.~~

21 (3) The information required by this section shall be
22 kept current. The commercial lessor shall notify the department
23 within thirty days of any changes to the information contained on
24 or with the application.

25 (4) A commercial lessor who will be leasing or renting

1 bingo equipment in conjunction with his or her premises shall
2 obtain such equipment only from a licensed distributor, except
3 that a commercial lessor shall not purchase or otherwise obtain
4 disposable paper bingo cards from any source.

5 (5) A commercial lessor, the owner of a premises, and
6 all parties who lease or sublease a premises which ultimately is
7 leased to an organization for the conduct of bingo shall not be
8 involved directly with the conduct of any bingo occasion regulated
9 by the Nebraska Bingo Act which may include, but not be limited to,
10 the managing, operating, promoting, advertising, or administering
11 of bingo. Such persons shall not derive any financial gain from
12 any gaming activities regulated by Chapter 9 except as provided
13 in subsection (4) of section 9-347 if the individual is licensed
14 as a pickle card operator, if the individual is licensed as a
15 lottery operator or authorized sales outlet location pursuant to
16 the Nebraska County and City Lottery Act, or if the individual is
17 contracted with as a lottery game retailer pursuant to the State
18 Lottery Act.

19 (6) A nonprofit organization owning its own premises
20 which in turn rents or leases its premises solely to its own
21 auxiliary shall be exempt from the licensing requirements contained
22 in this section.

23 Sec. 8. Section 9-266, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 9-266 (1) Except in accordance with a proper judicial

1 order or as otherwise provided by this section or other law, it
2 shall be a Class I misdemeanor for the Tax Commissioner or any
3 employee or agent of the Tax Commissioner to make known, in any
4 manner whatsoever, the contents of any reports or records submitted
5 by a licensed distributor or manufacturer or the contents of any
6 personal history reports submitted by any licensee or license
7 applicant to the department pursuant to the Nebraska Bingo Act and
8 any rules and regulations adopted and promulgated pursuant to such
9 act.

10 (2) Nothing in this section shall be construed to
11 prohibit (a) the delivery to a licensee, his or her duly authorized
12 representative, or his or her successors, receivers, trustees,
13 personal representatives, administrators, assignees, or guarantors,
14 if directly interested, a certified copy of any report or record,
15 (b) the publication of statistics so classified as to prevent
16 the identification of particular reports or records, (c) the
17 inspection by the Attorney General, a county attorney, or other
18 legal representative of the state of reports or records submitted
19 by a licensed distributor or manufacturer when information on
20 the reports or records is considered by the Attorney General,
21 county attorney, or other legal representative to be relevant to
22 any action or proceeding instituted by the licensee or against
23 whom an action or proceeding is being considered or has been
24 commenced by any state agency or county, (d) the furnishing of any
25 information to the United States Government or to states allowing

1 similar privileges to the Tax Commissioner, (e) the disclosure of
2 information and records to a collection agency contracting with
3 the Tax Commissioner for the collection of delinquent taxes under
4 the Nebraska Bingo Act, (f) the publication or disclosure of final
5 administrative opinions and orders made by the Tax Commissioner
6 in the adjudication of license or permit denials, suspensions,
7 cancellations, or revocations, (g) the release of any application,
8 without the contents of any submitted personal history report
9 or social security number, filed with the department to obtain
10 a license or permit to conduct activities under the act, which
11 shall be deemed a public record, (h) the release of any report
12 filed pursuant to section 9-255.05 or any other report filed by
13 a licensee pursuant to the act, which shall be deemed a public
14 record, or (i) the notification of an applicant, a licensee, or
15 a licensee's duly authorized representative of the existence of
16 and the grounds for an administrative action to deny the license
17 application of, to revoke, cancel, or suspend the license of,
18 or to levy an administrative fine upon any agent or employee of
19 the applicant, the licensee, or any other person upon whom the
20 applicant or licensee relies to conduct activities authorized by
21 the act.

22 (3) Nothing in this section shall prohibit the Tax
23 Commissioner or any employee or agent of the Tax Commissioner
24 from making known the names of persons, firms, or corporations
25 licensed or issued a permit to conduct activities under the act,

1 the locations at which such activities are conducted by licensees
2 or permittees, or the dates on which such licenses or permits were
3 issued.

4 (4) Notwithstanding subsection (1) of this section, the
5 Tax Commissioner may permit the Postal Inspector of the United
6 States Postal Service or his or her delegates to inspect reports
7 or records submitted by a licensed distributor or manufacturer
8 pursuant to the act when information on the reports or records is
9 relevant to any action or proceeding instituted or being considered
10 by the United States Postal Service against such person for
11 the fraudulent use of the mails to carry and deliver false and
12 fraudulent tax returns to the Tax Commissioner with the intent to
13 defraud the State of Nebraska or to evade the payment of Nebraska
14 state taxes.

15 (5) Notwithstanding subsection (1) of this section, the
16 Tax Commissioner may permit other tax officials of this state to
17 inspect reports or records submitted pursuant to the act, but such
18 inspection shall be permitted only for purposes of enforcing a tax
19 law and only to the extent and under the conditions prescribed by
20 the rules and regulations of the Tax Commissioner.

21 Sec. 9. Section 9-328, Revised Statutes Cumulative
22 Supplement, 2006, is amended to read:

23 9-328 ~~(1)(a)~~ Except as otherwise provided in this
24 ~~subsection,~~ all (1) All licenses to conduct a lottery by the sale
25 of pickle cards and licenses issued to utilization-of-funds members

1 shall expire on ~~September 30~~ of each year or such other date as
2 the department may prescribe by rule and regulation and may be
3 ~~renewed annually.~~ as provided in this section and may be renewed
4 biennially. An application for license renewal shall be submitted
5 to the department at least forty-five days prior to the expiration
6 date of the license unless such application only pertains to the
7 conduct of a lottery by the sale of pickle cards at a special
8 function as provided in section 9-345.01.

9 ~~(b) Commencing October 1, 2001, a~~ (2) A license to
10 conduct a lottery by the sale of pickle cards issued to a
11 nonprofit organization holding a certificate of exemption under
12 section 501(c)(3) or (c)(4) of the Internal Revenue Code and
13 any license issued to a utilization-of-funds member for such
14 nonprofit organization shall be a biennial license, ~~shall expire~~
15 on September 30 of each odd-numbered year or on such other
16 date as the department may prescribe by rule and regulation. ~~7~~
17 and may be renewed biennially. The biennial license fee for a
18 ~~utilization-of-funds member shall be forty dollars.~~

19 ~~(e) Commencing October 1, 2002, a~~ (3) A license to
20 conduct a lottery by the sale of pickle cards issued to a nonprofit
21 organization holding a certificate of exemption under section
22 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal
23 Revenue Code or any volunteer fire company or volunteer first-aid,
24 rescue, ambulance, or emergency squad and any license issued to
25 a utilization-of-funds member for such nonprofit organization or

1 volunteer fire company or volunteer first-aid, rescue, ambulance,
 2 or emergency squad shall be a biennial license, shall expire
 3 on September 30 of each even-numbered year or on such other
 4 date as the department may prescribe by rule and regulation. 7
 5 and may be renewed biennially. The biennial license fee for a
 6 utilization-of-funds member shall be forty dollars.

7 ~~(2)~~ (4) The department shall establish classes of
 8 licenses for licensed organizations based upon the manner in which
 9 the licensed organization intends to sell the pickle cards. The
 10 classes shall include:

11 (a) Class I licenses which shall include organizations
 12 which sell individual pickle cards only at the organization's
 13 designated premises and at the organization's licensed regularly
 14 scheduled bingo occasions pursuant to the Nebraska Bingo Act; and

15 (b) Class II licenses which shall include organizations
 16 which sell the pickle cards on the premises of one or more licensed
 17 pickle card operators.

18 A licensed organization holding a Class II license shall
 19 be required to market and deliver its pickle cards by a licensed
 20 sales agent.

21 ~~(3)(a) Except as otherwise provided in this subsection,~~
 22 a license fee of one (5) A biennial license fee of two hundred
 23 dollars shall be charged for each Class I license, one hundred
 24 fifty three hundred dollars for each Class II license, and twenty
 25 forty dollars for a license for each utilization-of-funds member.

1 ~~(b) Commencing October 1, 2001, a biennial license fee of~~
 2 ~~two hundred dollars shall be charged for a Class I license issued~~
 3 ~~to a nonprofit organization holding a certificate of exemption~~
 4 ~~under section 501(c)(3) or (c)(4) of the Internal Revenue Code, and~~
 5 ~~a biennial license fee of three hundred dollars shall be charged~~
 6 ~~for a Class II license issued to a nonprofit organization holding~~
 7 ~~a certificate of exemption under section 501(c)(3) or (c)(4) of~~
 8 ~~the Internal Revenue Code. Commencing October 1, 2002, a biennial~~
 9 ~~license fee of two hundred dollars shall be charged for a Class~~
 10 ~~I license issued to a nonprofit organization holding a certificate~~
 11 ~~of exemption under section 501(c)(5), (c)(7), (c)(8), (c)(10),~~
 12 ~~or (c)(19) of the Internal Revenue Code or any volunteer fire~~
 13 ~~company or volunteer first-aid, rescue, ambulance, or emergency~~
 14 ~~squad and a biennial license fee of three hundred dollars shall be~~
 15 ~~charged for a Class II license issued to a nonprofit organization~~
 16 ~~holding a certificate of exemption under section 501(c)(5), (c)(7),~~
 17 ~~(c)(8), (c)(10), or (c)(19) of the Internal Revenue Code or any~~
 18 ~~volunteer fire company or volunteer first-aid, rescue, ambulance,~~
 19 ~~or emergency squad.~~

20 ~~(4) (6)~~ The department shall adopt and promulgate rules
 21 and regulations establishing reporting requirements for each class
 22 of license.

23 Sec. 10. Section 9-329, Revised Statutes Cumulative
 24 Supplement, 2006, is amended to read:

25 9-329 (1) Unless otherwise authorized by the department,

1 no person shall market, sell, or deliver any pickle card unit to
2 any pickle card operator without first obtaining a sales agent
3 license.

4 (2) Any person wishing to operate as a sales agent in
5 this state shall file an application with the department for a
6 license on a form prescribed by the department. Each application
7 for a license shall include (a) the name, address, and social
8 security number of the person applying for the license, (b) the
9 name and state identification number of the licensed organization
10 for which any pickle card units are to be marketed or sold by
11 the applicant, and (c) such other information which the department
12 deems necessary.

13 (3) A statement signed by the person licensed as
14 a utilization-of-funds member signifying that such licensed
15 organization approves the applicant to act as a sales agent
16 on behalf of such organization shall accompany each sales
17 agent's application for a license. No person licensed as a
18 utilization-of-funds member shall be licensed as a sales agent.

19 (4) (a) ~~Except as otherwise provided in this subsection, a~~
20 ~~fee of fifty~~ A biennial fee of one hundred dollars shall be charged
21 for each license issued pursuant to this section. The department
22 shall remit the proceeds from such fee to the State Treasurer
23 for credit to the Charitable Gaming Operations Fund. Such licenses
24 shall expire ~~on September 30 of each year or such other date which~~
25 ~~the department may prescribe by rule and regulation and may be~~

1 ~~renewed annually, as prescribed in this section and may be renewed~~
2 biennially. An application for license renewal shall be submitted
3 to the department at least forty-five days prior to the expiration
4 date of the license.

5 (b) ~~Commencing October 1, 2001, a~~ A sales agent license
6 issued to a person on behalf of a nonprofit organization holding a
7 certificate of exemption under section 501(c)(3) or (c)(4) of the
8 Internal Revenue Code shall be a ~~biennial license, shall expire~~
9 on September 30 of each odd-numbered year or on such other date
10 as the department may prescribe by rule and regulation. A ~~and~~
11 ~~may be renewed biennially. The biennial license fee for a sales~~
12 ~~agent shall be one hundred dollars. Commencing October 1, 2002, a~~
13 sales agent license issued to a person on behalf of a nonprofit
14 organization holding a certificate of exemption under section
15 501(c)(5), (c)(7), (c)(8), (c)(10), or (c)(19) of the Internal
16 Revenue Code or any volunteer fire company or volunteer first-aid,
17 rescue, ambulance, or emergency squad shall be a ~~biennial license,~~
18 ~~shall expire on September 30 of each even-numbered year or~~ on such
19 other date as the department may prescribe by rule and regulation.
20 ~~and may be renewed biennially. The biennial license fee for a~~
21 ~~sales agent license shall be one hundred dollars.~~

22 (5) The information required by this section shall be
23 kept current. A sales agent shall notify the department within
24 thirty days if any information in the application is no longer
25 correct and shall supply the correct information.

1 (6) The department may prescribe a separate application
2 form for renewal purposes.

3 (7) The department may issue a temporary license pending
4 receipt of additional information or further inquiry.

5 Sec. 11. Section 9-329.02, Revised Statutes Cumulative
6 Supplement, 2006, is amended to read:

7 9-329.02 (1) A pickle card operator shall not be eligible
8 to sell individual pickle cards as opportunities to participate in
9 a lottery by the sale of pickle cards without first obtaining a
10 license.

11 (2) Any sole proprietorship, partnership, limited
12 liability company, or corporation wishing to operate as a pickle
13 card operator in this state shall file an application with the
14 department for a license on a form prescribed by the department.
15 Each application for a license shall include (a) the name, address,
16 and state identification number of the sole proprietorship,
17 partnership, limited liability company, or corporation applying
18 for the license, (b) a description of the premises on which the
19 pickle cards will be sold or offered for sale, (c) if the applicant
20 is an individual, the applicant's social security number, and (d)
21 such other information which the department deems necessary. The
22 information required by this subsection shall be kept current. A
23 pickle card operator shall notify the department within thirty days
24 if any information in the application is no longer correct and
25 shall supply the correct information.

1 ~~(3)(a) Except as otherwise provided in this subsection,~~
2 a fee of fifty (3) A biennial fee of one hundred dollars shall
3 be charged for each license issued pursuant to this section and
4 shall be paid for by the applicant. A licensed organization shall
5 not pay the required licensing fees of a pickle card operator
6 as an inducement for the pickle card operator to sell individual
7 pickle cards on its behalf. ~~Except as otherwise provided in this~~
8 ~~subsection, such~~ Such licenses shall expire on September 30 of each
9 ~~year or odd-numbered year or on~~ such other date as the department
10 may prescribe by rule and regulation and may be renewed ~~annually.~~
11 biennially. The department shall remit the proceeds from such
12 license fees to the State Treasurer for credit to the Charitable
13 Gaming Operations Fund. An application for license renewal shall
14 be submitted to the department at least sixty days prior to the
15 expiration date of the license.

16 ~~(b) Commencing October 1, 2001, a pickle card operator~~
17 ~~license shall be a biennial license, shall expire on September 30~~
18 ~~of each odd-numbered year or such other date as the department may~~
19 ~~prescribe by rule and regulation, and may be renewed biennially.~~
20 ~~The biennial license fee for a pickle card operator shall be one~~
21 ~~hundred dollars.~~

22 (4) One license issued to any sole proprietorship,
23 partnership, limited liability company, or corporation under
24 this section as a pickle card operator shall cover the sole
25 proprietorship, partnership, limited liability company, or

1 corporation and the employees of the licensed pickle card operator.
2 Any license issued pursuant to this section shall be valid only for
3 the sole proprietorship, partnership, limited liability company, or
4 corporation in the name of which it was issued and shall allow the
5 sale of individual pickle cards only on the premises described in
6 the pickle card operator's application for a license. A pickle card
7 operator's license may not be transferred under any circumstances
8 including change of ownership.

9 (5) The department may prescribe a separate application
10 form for renewal purposes.

11 (6) A licensed pickle card operator shall not sell
12 individual pickle cards on behalf of a licensed organization
13 until an authorization has been obtained from the department
14 by the licensed organization. The licensed organization shall
15 file an application with the department for such authorization
16 on a form prescribed by the department. Each application for
17 an authorization shall include (a) the name, address, and state
18 identification number of the licensed pickle card operator and (b)
19 such other information which the department deems necessary. The
20 application shall include a statement signed by a person licensed
21 as a utilization-of-funds member signifying that such licensed
22 organization approves the pickle card operator to sell individual
23 pickle cards on behalf of such organization.

24 (7) A pickle card operator may sell individual pickle
25 cards on behalf of more than one licensed organization. Each

1 licensed organization for which the pickle card operator desires
2 to sell individual pickle cards shall obtain the authorization
3 described in subsection (6) of this section.

4 (8) A pickle card operator who sells individual pickle
5 cards through a coin-operated or currency-operated dispensing
6 device shall purchase, lease, or rent its own equipment. If such
7 equipment is obtained from a licensed organization or distributor,
8 it shall be purchased, leased, or rented at a rate not less than
9 fair market value. A licensed organization or distributor shall not
10 provide such equipment to a pickle card operator free of charge or
11 at a rate less than fair market value as an inducement for the
12 pickle card operator to sell a licensed organization's individual
13 pickle cards. The department may require a licensed organization,
14 distributor, or pickle card operator to provide such documentation
15 as the department deems necessary to verify that a pickle card
16 operator has purchased, leased, or rented the equipment for a rate
17 not less than fair market value.

18 (9) No pickle card operator shall generate revenue from
19 the sale of individual pickle cards which exceeds the revenue
20 generated from other retail sales on an annual basis. For
21 purposes of this subsection, retail sales shall not include revenue
22 generated from other charitable gaming activities authorized by
23 Chapter 9.

24 Sec. 12. Section 9-356, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 9-356 (1) Except in accordance with a proper judicial
2 order or as otherwise provided by this section or other law, it
3 shall be a Class I misdemeanor for the Tax Commissioner or any
4 employee or agent of the Tax Commissioner to make known, in any
5 manner whatsoever, the contents of any tax return or any reports or
6 records submitted by a licensed distributor or manufacturer or the
7 contents of any personal history reports submitted by any licensee
8 or license applicant to the department pursuant to the Nebraska
9 Pickle Card Lottery Act and any rules and regulations adopted and
10 promulgated pursuant to such act.

11 (2) Nothing in this section shall be construed to
12 prohibit (a) the delivery to a taxpayer, licensee, or his or her
13 duly authorized representative or his or her successors, receivers,
14 trustees, executors, administrators, assignees, or guarantors, if
15 directly interested, a certified copy of any tax return or report
16 or record, (b) the publication of statistics so classified as to
17 prevent the identification of particular tax returns or reports
18 or records, (c) the inspection by the Attorney General, a county
19 attorney, or other legal representative of the state of tax returns
20 or reports or records submitted by a licensed distributor or
21 manufacturer when information on the tax returns or reports or
22 records is considered by the Attorney General, county attorney,
23 or other legal representative to be relevant to any action or
24 proceeding instituted by the taxpayer or licensee or against
25 whom an action or proceeding is being considered or has been

1 commenced by any state agency or county, (d) the furnishing of any
2 information to the United States Government or to states allowing
3 similar privileges to the Tax Commissioner, (e) the disclosure of
4 information and records to a collection agency contracting with the
5 Tax Commissioner for the collection of delinquent taxes under the
6 Nebraska Pickle Card Lottery Act, (f) the publication or disclosure
7 of final administrative opinions and orders made by the Tax
8 Commissioner in the adjudication of license denials, suspensions,
9 cancellations, or revocations or the levying of fines, (g) the
10 release of any application, without the contents of any submitted
11 personal history report or social security number, filed with the
12 department to obtain a license to conduct activities under the
13 act, which shall be deemed a public record, (h) the release of any
14 report filed pursuant to section 9-349 or any other report filed
15 by a licensed organization, sales agent, or pickle card operator
16 pursuant to the act, which shall be deemed a public record, or
17 (i) the notification of an applicant, a licensee, or a licensee's
18 duly authorized representative of the existence of and the grounds
19 for any administrative action to deny the license application of,
20 to revoke, cancel, or suspend the license of, or to levy an
21 administrative fine upon any agent or employee of the applicant,
22 the licensee, or any other person upon whom the applicant or
23 licensee relies to conduct activities authorized by the act.

24 (3) Nothing in this section shall prohibit the Tax
25 Commissioner or any employee or agent of the Tax Commissioner from

1 making known the names of persons, firms, or corporations licensed
2 to conduct activities under the act, the locations at which such
3 activities are conducted by license holders, or the dates on which
4 such licenses were issued.

5 (4) Notwithstanding subsection (1) of this section, the
6 Tax Commissioner may permit the Postal Inspector of the United
7 States Postal Service or his or her delegates to inspect a tax
8 return or reports or records submitted by a licensed distributor or
9 manufacturer pursuant to the act when information on the returns
10 or reports or records is relevant to any action or proceeding
11 instituted or being considered by the United States Postal Service
12 against such person for the fraudulent use of the mails to
13 carry and deliver false and fraudulent tax returns to the Tax
14 Commissioner with the intent to defraud the State of Nebraska or to
15 evade the payment of Nebraska state taxes.

16 (5) Notwithstanding subsection (1) of this section, the
17 Tax Commissioner may permit other tax officials of this state to
18 inspect a tax return or reports or records submitted pursuant to
19 the act, but such inspection shall be permitted only for purposes
20 of enforcing a tax law and only to the extent and under the
21 conditions prescribed by the rules and regulations of the Tax
22 Commissioner.

23 Sec. 13. Section 9-424, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 9-424 (1) Each applicant for a license to conduct a

1 lottery or raffle shall file with the department an application
2 on a form prescribed by the department. Each application shall
3 include:

4 (a) The name and address of the applicant and, if the
5 applicant is an individual, his or her social security number;

6 (b) Sufficient facts relating to the incorporation or
7 organization of the applicant to enable the department to determine
8 if the applicant is eligible for a license under section 9-423;

9 (c) The name and address of each officer of the applicant
10 organization;

11 (d) The name, address, social security number, date of
12 birth, and years of membership of a bona fide and active member of
13 the applicant organization to be licensed as a utilization-of-funds
14 member. Such person shall have been an active and bona fide member
15 of the applicant organization for at least one year preceding
16 the date the application is filed with the department unless
17 the applicant organization can provide evidence that the one-year
18 requirement would impose an undue hardship on the organization.
19 Such person shall sign a sworn statement indicating that he or she
20 agrees to comply with all provisions of the Nebraska Lottery and
21 Raffle Act and all rules and regulations adopted pursuant to the
22 act, that no commission, fee, rent, salary, profits, compensation,
23 or recompense will be paid to any person or organization except
24 payments authorized by the act, and that all net profits will be
25 spent only for lawful purposes. The department may prescribe a

1 separate application for such license;

2 (e) A roster of members, if the department deems it
3 necessary and proper;

4 (f) Other information which the department deems
5 necessary; and

6 (g) A ~~fifteen-dollar~~ thirty-dollar biennial license fee
7 for the organization and a ~~twenty-dollar~~ forty-dollar biennial
8 license fee for each utilization-of-funds member.

9 (2) The information required by this section shall be
10 kept current. An organization shall notify the department within
11 thirty days if any information in the application is no longer
12 correct and shall supply the correct information.

13 Sec. 14. Section 9-425, Revised Statutes Cumulative
14 Supplement, 2006, is amended to read:

15 9-425 (1) ~~Except as otherwise provided in this section,~~
16 ~~all~~ All licenses to conduct a lottery or raffle and licenses issued
17 to utilization-of-funds members shall expire ~~on September 30 of~~
18 ~~each year or such other date as the department may prescribe by~~
19 ~~rule and regulation and may be renewed annually.~~ as provided in
20 this section and may be renewed biennially. An application for
21 license renewal shall be submitted to the department at least
22 thirty days prior to the starting date of the first lottery
23 or raffle ticket sales for the ~~license year.~~ biennial licensing
24 period. The department may issue a temporary license prior to
25 receiving all necessary information from the applicant.

1 (2) ~~Commencing October 1, 2001,~~ a A license to conduct
2 a lottery or raffle issued to a nonprofit organization holding
3 a certificate of exemption under section 501(c)(3) or (c)(4)
4 of the Internal Revenue Code and any license issued to a
5 utilization-of-funds member for such nonprofit organization shall
6 be a ~~biennial license,~~ shall expire on September 30 of each
7 odd-numbered year or on such other date as the department may
8 prescribe by rule and regulation. A ~~and may be renewed~~
9 ~~biennially.~~ An organization seeking to renew its license must
10 submit its application for renewal at least thirty days prior
11 to the date the organization intends to begin selling lottery or
12 raffle tickets in the new biennial licensing period. The biennial
13 license fee to conduct a lottery or raffle shall be thirty dollars
14 and the biennial license fee for a utilization-of-funds member
15 shall be forty dollars. ~~Commencing October 1, 2002,~~ a license to
16 conduct a lottery or raffle issued to a nonprofit organization
17 holding a certificate of exemption under section 501 of the
18 Internal Revenue Code, other than a nonprofit organization holding
19 a certificate of exemption under section 501(c)(3) or (c)(4) of
20 the code, or any volunteer fire company or volunteer first-aid,
21 rescue, ambulance, or emergency squad, and any license issued to
22 a utilization-of-funds member for such nonprofit organization or
23 volunteer fire company or volunteer first-aid, rescue, ambulance,
24 or emergency squad shall be a ~~biennial license,~~ shall expire on
25 September 30 of each even-numbered year or on such other date as

1 the department may prescribe by rule and regulation, 7 and may be
2 renewed biennially. An organization seeking to renew its license
3 must submit its application for renewal at least thirty days prior
4 to the date the organization intends to begin selling lottery or
5 raffle tickets in the new biennial licensing period. The biennial
6 license fee to conduct a lottery or raffle shall be thirty dollars
7 and the biennial license fee for a utilization-of-funds member
8 shall be forty dollars.

9 Sec. 15. Section 9-803, Revised Statutes Cumulative
10 Supplement, 2006, is amended to read:

11 9-803 For purposes of the State Lottery Act:

12 (1) Director shall mean the Director of the Lottery
13 Division;

14 (2) Division shall mean the Lottery Division of the
15 Department of Revenue;

16 (3) Lottery contractor shall mean a lottery vendor or
17 lottery game retailer with whom the division has contracted for the
18 purpose of providing goods or services for the state lottery;

19 (4) Lottery game shall mean any variation of the
20 following types of games:

21 (a) An instant-win game in which disposable tickets
22 contain certain preprinted winners which are determined by rubbing
23 or scraping an area or areas on the tickets to match numbers,
24 letters, symbols, or configurations, or any combination thereof, as
25 provided by the rules of the game. An instant-win game may also

1 provide for preliminary and grand prize drawings conducted pursuant
2 to the rules of the game. An instant-win game shall not include the
3 use of any pickle card as defined in section 9-315; and

4 (b) An on-line lottery game in which lottery game
5 retailer terminals are hooked up to a central computer via a
6 telecommunications system through which (i) a player selects a
7 specified group of numbers or symbols out of a predetermined
8 range of numbers or symbols and purchases a ticket bearing the
9 player-selected numbers or symbols for eligibility in a drawing
10 regularly scheduled in accordance with game rules or (ii) a
11 player purchases a ticket bearing randomly selected numbers for
12 eligibility in a drawing regularly scheduled in accordance with
13 game rules.

14 Lottery game shall not be construed to mean any video
15 lottery game;

16 (5) Lottery game retailer shall mean a person who
17 contracts with or seeks to contract with the division to sell
18 tickets in lottery games to the public;

19 (6) Lottery vendor shall mean any person who submits a
20 bid, proposal, or offer as part of a major procurement;

21 (7) Major procurement shall mean any procurement or
22 contract unique to the operation of the state lottery in excess of
23 ~~fifteen~~ twenty-five thousand dollars for the printing of tickets
24 used in any lottery game, security services, consulting services,
25 advertising services, any goods or services involving the receiving

1 or recording of number selections in any lottery game, or any
2 goods or services involving the determination of winners in
3 any lottery game. Major procurement shall include production of
4 instant-win tickets, procurement of on-line gaming systems and
5 drawing equipment, or retaining the services of a consultant who
6 will have access to any goods or services involving the receiving
7 or recording of number selections or determination of winners in
8 any lottery game; and

9 (8) Ticket or lottery ticket shall mean any tangible
10 evidence authorized by the division to prove participation in a
11 lottery game.

12 Sec. 16. Section 9-812, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

14 9-812 (1) All money received from the operation of
15 lottery games conducted pursuant to the State Lottery Act in
16 Nebraska shall be credited to the State Lottery Operation Trust
17 Fund, which fund is hereby created. All payments of the costs
18 of establishing and maintaining the lottery games shall be made
19 from the State Lottery Operation Cash Fund. In accordance with
20 legislative appropriations, money for payments for expenses of the
21 division shall be transferred from the State Lottery Operation
22 Trust Fund to the State Lottery Operation Cash Fund, which fund
23 is hereby created. All money necessary for the payment of lottery
24 prizes shall be transferred from the State Lottery Operation Trust
25 Fund to the State Lottery Prize Trust Fund, which fund is hereby

1 created. The amount used for the payment of lottery prizes shall
2 not be less than forty percent of the dollar amount of the lottery
3 tickets which have been sold.

4 (2) (a) Beginning October 1, 2003, and until ~~January~~ July
5 ~~1, 2008,~~ 2009, a portion of the dollar amount of the lottery
6 tickets which have been sold on an annualized basis shall be
7 transferred from the State Lottery Operation Trust Fund to the
8 Education Innovation Fund, the Nebraska Scholarship Fund, the
9 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
10 and the Compulsive Gamblers Assistance Fund, except that the
11 dollar amount transferred shall not be less than the dollar amount
12 transferred to the funds in fiscal year 2002-03.

13 (b) On and after ~~January~~ July 1, 2008, 2009, at least
14 twenty-five percent of the dollar amount of the lottery tickets
15 which have been sold on an annualized basis shall be transferred
16 from the State Lottery Operation Trust Fund to the Education
17 Innovation Fund, the Nebraska Scholarship Fund, the Nebraska
18 Environmental Trust Fund, the Nebraska State Fair Board, and
19 the Compulsive Gamblers Assistance Fund.

20 (3) Of the money available to be transferred to the
21 Education Innovation Fund, the Nebraska Scholarship Fund, the
22 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
23 and the Compulsive Gamblers Assistance Fund:

24 (a) The first five hundred thousand dollars shall be
25 transferred to the Compulsive Gamblers Assistance Fund to be used

1 as provided in section 71-817;

2 (b) Nineteen and three-fourths percent of the money
3 remaining after the payment of prizes and operating expenses and
4 the initial transfer to the Compulsive Gamblers Assistance Fund
5 shall be transferred to the Education Innovation Fund;

6 (c) Twenty-four and three-fourths percent of the money
7 remaining after the payment of prizes and operating expenses and
8 the initial transfer to the Compulsive Gamblers Assistance Fund
9 shall be transferred to the Nebraska Scholarship Fund;

10 (d) Forty-four and one-half percent of the money
11 remaining after the payment of prizes and operating expenses and
12 the initial transfer to the Compulsive Gamblers Assistance Fund
13 shall be transferred to the Nebraska Environmental Trust Fund to be
14 used as provided in the Nebraska Environmental Trust Act;

15 (e) Ten percent of the money remaining after the payment
16 of prizes and operating expenses and the initial transfer to
17 the Compulsive Gamblers Assistance Fund shall be transferred to
18 the Nebraska State Fair Board if the most populous city within
19 the county in which the fair is located provides matching funds
20 equivalent to ten percent of the funds available for transfer. Such
21 matching funds may be obtained from the city and any other private
22 or public entity, except that no portion of such matching funds
23 shall be provided by the state. If the Nebraska State Fair ceases
24 operations, ten percent of the money remaining after the payment
25 of prizes and operating expenses and the initial transfer to the

1 Compulsive Gamblers Assistance Fund shall be transferred to the
2 General Fund; and

3 (f) One percent of the money remaining after the payment
4 of prizes and operating expenses and the initial transfer to the
5 Compulsive Gamblers Assistance Fund shall be transferred to the
6 Compulsive Gamblers Assistance Fund to be used as provided in
7 section 71-817.

8 (4) (a) The Education Innovation Fund is created. At least
9 seventy-five percent of the lottery proceeds allocated to the
10 Education Innovation Fund shall be available for disbursement.

11 (b) For fiscal year 2005-06, the Education Innovation
12 Fund shall be allocated as follows: The first one million dollars
13 shall be transferred to the School District Reorganization Fund,
14 and the remaining amount shall be allocated to the General Fund
15 after operating expenses for the Excellence in Education Council
16 are deducted.

17 (c) For fiscal year 2006-07, the Education Innovation
18 Fund shall be allocated as follows: The first two hundred fifty
19 thousand dollars shall be transferred to the Attracting Excellence
20 to Teaching Program Cash Fund to fund the Attracting Excellence
21 to Teaching Program Act, the next one million dollars shall
22 be transferred to the School District Reorganization Fund, and
23 the amount remaining in the Education Innovation Fund shall be
24 allocated, after administrative expenses, for distance education
25 equipment and incentives pursuant to sections 79-1336 and 79-1337.

1 (d) For fiscal year 2007-08, the Education Innovation
2 Fund shall be allocated as follows: The first five hundred thousand
3 dollars shall be transferred to the Attracting Excellence to
4 Teaching Program Cash Fund to fund the Attracting Excellence to
5 Teaching Program Act, and the amount remaining in the Education
6 Innovation Fund shall be allocated, after administrative expenses,
7 for distance education equipment and incentives pursuant to
8 sections 79-1336 and 79-1337.

9 (e) For fiscal year 2008-09, the Education Innovation
10 Fund shall be allocated as follows: The first seven hundred
11 fifty thousand dollars shall be transferred to the Attracting
12 Excellence to Teaching Program Cash Fund to fund the Attracting
13 Excellence to Teaching Program Act, and the amount remaining in the
14 Education Innovation Fund shall be allocated, after administrative
15 expenses, for distance education equipment and incentives pursuant
16 to sections 79-1336 and 79-1337.

17 (f) For fiscal years 2009-10 through 2015-16, the
18 Education Innovation Fund shall be allocated as follows: The
19 first one million dollars shall be transferred to the Attracting
20 Excellence to Teaching Program Cash Fund to fund the Attracting
21 Excellence to Teaching Program Act, and the amount remaining in the
22 Education Innovation Fund shall be allocated, after administrative
23 expenses, for distance education equipment and incentives pursuant
24 to sections 79-1336 and 79-1337.

25 (g) For fiscal year 2016-17 and each fiscal year

1 thereafter, the Education Innovation Fund shall be allocated,
2 after administrative expenses, for education purposes as provided
3 by the Legislature.

4 (5) Any money in the State Lottery Operation Trust
5 Fund, the State Lottery Operation Cash Fund, the State Lottery
6 Prize Trust Fund, or the Education Innovation Fund available
7 for investment shall be invested by the state investment officer
8 pursuant to the Nebraska Capital Expansion Act and the Nebraska
9 State Funds Investment Act.

10 (6) Unclaimed prize money on a winning lottery ticket
11 shall be retained for a period of time prescribed by rules and
12 regulations. If no claim is made within such period, the prize
13 money shall be used at the discretion of the Tax Commissioner for
14 any of the purposes prescribed in this section.

15 Sec. 17. Section 9-833, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 9-833 The director may contract for, purchase, or lease
18 goods or services necessary for effectuating the purpose of the
19 State Lottery Act. All procurements shall be subject to the act and
20 shall be exempt from any other state law concerning the purchase
21 of any goods or services, and all purchases in excess of ~~fifteen~~
22 twenty-five thousand dollars shall be subject to approval by the
23 Tax Commissioner.

24 Sec. 18. Section 9-835, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 9-835 (1) Subject to the approval of the Tax
2 Commissioner, the director may request proposals for or enter
3 into major procurements for effectuating the purpose of the
4 State Lottery Act. In awarding contracts in response to requests
5 for proposals, the director shall award such contracts to the
6 responsible vendor who submits the lowest and best proposal which
7 maximizes the benefits to the state in relation to the cost in
8 the areas of security, competence, quality of product, capability,
9 timely performance, and maximization of net revenue to benefit the
10 public purpose of the act. All contract awards made by the director
11 exceeding ~~fifteen~~ twenty-five thousand dollars shall be approved by
12 the Tax Commissioner.

13 (2) The director may not award and the Tax Commissioner
14 may not approve a contract with a person to serve as a lottery
15 contractor for a major procurement if the person has made a
16 contribution to a candidate for a state elective office as defined
17 in section 49-1444 after March 1, 1995, and within three years
18 preceding the award of the contract. A person shall be considered
19 to have made a contribution if the contribution is made by the
20 person, by an officer of the person, by a separate segregated
21 political fund established and administered by the person as
22 provided in section 49-1469, or by anyone acting on behalf of the
23 person, officer, or fund. Any contract awarded in violation of the
24 subsection shall be void.

25 (3) No contract may be assigned by a lottery contractor

1 except by a written agreement approved by the Tax Commissioner and
2 signed by the director.

3 Sec. 19. Section 77-366, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 77-366 (1) The Tax Commissioner shall appoint or employ
6 deputies, investigators, inspectors, agents, security personnel,
7 and other persons as he or she deems necessary to administer and
8 effectively enforce all provisions of the revenue laws of this
9 state. The appointed personnel shall hold office at the pleasure
10 of the Tax Commissioner. Any appointed or employed personnel shall
11 perform the duties assigned by the Tax Commissioner.

12 (2) All personnel appointed or employed by the Tax
13 Commissioner shall be bonded or insured as required by section
14 11-201. As specified by the Tax Commissioner, certain personnel
15 shall be vested with the authority and power of a law enforcement
16 officer to carry out the laws of this state administered by the Tax
17 Commissioner or the Department of Revenue and to enforce sections
18 28-1101 to 28-1117 relating to possession of a gambling device
19 pursuant to the limitations in section 9-1,101. Such personnel
20 shall be empowered to arrest with or without a warrant, file
21 and serve any lien, seize property, serve and return a summons,
22 warrant, or subpoena issued by the Tax Commissioner, collect taxes,
23 and bring an offender before any court with jurisdiction in this
24 state, except that such personnel shall not be authorized to carry
25 weapons or enforce any laws other than laws administered by the Tax

1 Commissioner or the Department of Revenue and sections 28-1101 to
2 28-1117 relating to possession of a gambling device pursuant to the
3 limitations in section 9-1,101.

4 (3) Subsection (2) of this section shall not be construed
5 to restrict any other law enforcement officer of this state from
6 enforcing any state law, revenue or otherwise.

7 Sec. 20. Original sections 9-239, 9-266, 9-356, 9-424,
8 9-833, and 9-835, Reissue Revised Statutes of Nebraska, and
9 sections 9-1,101, 9-232.01, 9-232.02, 9-233, 9-241.03, 9-255.06,
10 9-328, 9-329, 9-329.02, 9-425, 9-803, 9-812, and 77-366, Revised
11 Statutes Cumulative Supplement, 2006, are repealed.

12 Sec. 21. The following sections are outright repealed:
13 Sections 9-236 and 9-322.03, Reissue Revised Statutes of Nebraska.